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The Military Situation in the Taiwan Strait: Taiwan's Options and Needs

Interagency Intelligence Memorandum

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THE MILITARY SITUATION IN THE TAIWAN STRAIT: TAIWAN'S OPTIONS AND NEEDS

Information available as of 1 October 1981 was used in the preparation of this Memorandum.

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KEY JUDGMENTS

China currently is stressing long-term economic and security goals. It will be willing to pursue reunification with Taiwan peacefully so long as the United States does not significantly upgrade its relations with Taiwan or substantially enhance Taipei's military deterrent.

Over the decade China could:

— Mount a show of military force against Taiwan and its dependencies.

— Blockade or seize the islands of Chin-men (Quemoy) and Matsu.

— Seize Chin-men and Matsu by military force.

— Institute a naval blockade that Taiwan could not break without foreign assistance.

Although capable of successfully prosecuting an air war over Taiwan, China probably would not do so. Such action would probably be linked to a larger scenario such as an invasion—which, given the preparations required, will be beyond China's ability for at least the next five to 10 years.

Taiwan sees its fundamental security as inextricably linked to the United States through this decade and beyond. In this connection, Taiwan's security interests are served, but not solved, by good relations between the United States and China.

The most critical defense needs of Taiwan are to be found in its Air Force and Navy. The Air Force could be overwhelmed in a short time, albeit at very heavy, perhaps unacceptable, cost to China. Taiwan could maintain a strong deterrent through the decade by acquiring more F-104s abroad and through acquisition or assembly of F-5E/Fs beyond 1983. Taiwan opposes this solution, largely because it lacks the visibility and political impact associated with more advanced weapon systems such as the FX. Planned naval expansion by the end of the decade could add considerably to Taiwan's ability to deal with a Chinese blockade.

Note: This Interagency Intelligence Memorandum was prepared under the auspices of the National Intelligence Officer for East Asia. It was coordinated with the National Foreign Assessment Center, Central Intelligence Agency; the Bureau of Intelligence and Research, Department of State; the Defense Intelligence Agency; the National Security Agency; and the intelligence organizations of the military services.

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Taiwan could not, however, neutralize the Chinese naval threat through its own efforts.

Sale of *advanced weapons* such as the FX fighter or the Harpoon missile to Taiwan would be perceived in Beijing as part of a US policy that obstructs reunification. China would react strongly—probably by downgrading Sino-US diplomatic relations, canceling or curtailing other cooperative ventures, and being more bellicose toward Taiwan.

Continued sale of *comparable military replacements* would be strongly protested by China. Nevertheless, a US denial of advanced weapons for Taipei probably would be perceived in Beijing as a signal that Washington was supporting eventual accommodation between China and Taiwan. Taipei's reaction to such a US policy would be critical, but the Taiwan leadership would recognize privately that a "comparable replacement" policy demonstrated that the United States remained adamant against an imposed solution of the Taiwan issue.

A *moratorium* on US arms sales to Taiwan, whatever its form, would be viewed as a victory in China. Beijing would increase pressure on Taiwan to negotiate, but probably would stop short of military coercion. On Taiwan, a moratorium would represent the Kuomintang's worst fears realized, and it would deepen the leadership's and the people's sense of isolation.

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